

BEFORE THE PUBLIC EMPLOYEES' RETIREMENT BOARD  
OF THE STATE OF MONTANA

In the matter of the proposed amendment	)	NOTICE OF PROPOSED
of ARM 2.43.1002 pertaining to the	)	AMENDMENT
investment policy statement for the	)	
Defined Contribution Retirement Plan and	)	NO PUBLIC HEARING
ARM 2.43.1802 pertaining to the	)	CONTEMPLATED
investment policy statement for the 457	)	
Deferred Compensation Plan	)	

TO: All Concerned Persons

1. On May 25, 2007, the Montana Public Employees' Retirement Board proposes to amend the above-stated rules.

2. The Public Employees' Retirement Board will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process and need an alternative accessible format of this notice. If you require an accommodation, contact the Public Employees' Retirement Board no later than 5:00 p.m. on April 13, 2007, to advise us of the nature of the accommodation that you need. Please contact Angela Salvitti, Montana Public Employee Retirement Administration, 100 North Park Avenue, Suite 200, P.O. Box 200131, Helena, Montana 59620-0131; telephone (406) 444-2578; TDD (406) 444-1421; FAX (406) 444-5428; e-mail asalvitti@mt.gov.

3. The rules proposed to be amended provide as follows, stricken matter interlined, new matter underlined:

2.43.1002 ADOPTION OF INVESTMENT POLICY STATEMENT AND STABLE VALUE FUND INVESTMENT GUIDELINES (1) The board adopts and incorporates by reference the State of Montana 401(a) Defined Contribution Plan Investment Policy Statement approved by the board on ~~January 27, 2005~~ February 8, 2007.

(2) and (3) remain the same.

AUTH: 19-3-2104, MCA  
IMP: 19-3-2104, 19-3-2122, MCA

2.43.1802 ADOPTION OF INVESTMENT POLICY STATEMENT AND STABLE VALUE FUND INVESTMENT GUIDELINES (1) The board adopts and incorporates by reference the State of Montana 457 Plan (Deferred Compensation) Investment Policy Statement approved by the board on ~~January 27, 2005~~ February 8, 2007.

(2) and (3) remain the same.

AUTH: 19-50-102, MCA

IMP: 19-50-102, MCA

STATEMENT OF REASONABLE NECESSITY: The Montana Public Employees' Retirement Board (PER Board), as the administrator of the Defined Contribution Retirement Plan (DCRP) of the Public Employees' Retirement System and the Deferred Compensation Plan (457 Plan), adopted the original investment policy statements for both plans by reference in 2002. The PER Board last amended both investment policy statements on February 8, 2007. Most of the amendments are format changes. There are also several substantive amendments. Identical changes were made to both investment policy statements.

Under "Quantitative Measures" the board changed "Funds must . . ." to "Funds are expected to . . ." in order to have greater flexibility when reviewing funds that fail to meet one or two measures for a short period of time. This change addresses participants' concerns regarding the discontinuation of a fund that has an overall positive history.

Under "Evaluation of Investment Alternatives", the board added "Review Status" that permits watching investment options for any type of shift in performance and "Probation Status" to clarify what is meant by probation and how long probation status may remain in effect. An additional change in this section clarifies that investments on "review" or "probation" status may remain in that status for more than one review period.

Finally, the board, on the advice of its investment consultant, determined to use "rolling five years measuring periods" rather than a flat three-year period when selecting funds and reviewing fund performance.

Section 2-4-307(3), MCA, requires that the amended investment policy statements be adopted by reference.

4. Concerned persons may present their data, views, or arguments concerning the proposed amendment in writing to Roxanne Minnehan, Executive Director, Public Employees' Retirement Board, 100 North Park Avenue, Suite 200, P.O. Box 200131, Helena, Montana 59620-0131; FAX (406) 444-5428; e-mail [rminnehan@mt.gov](mailto:rminnehan@mt.gov) and must be received no later than 5:00 p.m., April 23, 2007.

5. If persons who are directly affected by the proposed amendment wish to express their data, views, and arguments orally or in writing at a public hearing, they must make written request for a hearing and submit this request along with any written comments they have to the Public Employees' Retirement Board, 100 North Park Avenue, Suite 200, P.O. Box 200131, Helena, Montana 59620-0131; FAX (406) 444-5428; e-mail [rminnehan@mt.gov](mailto:rminnehan@mt.gov) and must be received no later than 5:00 p.m., April 23, 2007.

6. If the board receives requests for a public hearing on the proposed amendment from either 10% or 25, whichever is less, of the persons who are directly

affected by the proposed adoption; from the appropriate administrative rule review committee of the legislature; from a governmental subdivision or agency; or from an association having not less than 25 members who will be directly affected, a hearing will be held at a later date. Notice of the hearing will be published in the Montana Administrative Register. Ten percent of those persons directly affected has been determined to be 828 persons based on approximately 1279 DCRP members and approximately 7000 457 Plan participants.

7. The Public Employees' Retirement Board maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by the agency. Persons who wish to have their name added to the list shall make a written request which includes the name and mailing address of the person to receive notices and specifies that the person wishes to receive notices regarding public retirement rulemaking actions. Such written request may be mailed or delivered to Angela Salvitti, Montana Public Employee Retirement Administration, 100 North Park Avenue, Suite 200, P.O. Box 200131, Helena, Montana 59620-0131; faxed to the office at (406) 444-5428; or e-mailed to [asalvitti@mt.gov](mailto:asalvitti@mt.gov), or may be made by completing a request form at any rules hearing held by the Public Employees' Retirement Board.

8. The bill sponsor notice requirements of 2-4-302, MCA, do not apply.

/s/ Carole Carey  
Carole Carey, President  
Public Employees' Retirement Board

/s/ Melanie Symons  
Melanie Symons, General Counsel and  
Rule Reviewer

/s/ Dal Smilie  
Dal Smilie, Chief Legal Counsel and  
Rule Reviewer

Certified to the Secretary of State on March 12, 2007.